

**REPORT OF THE AUDIT OF THE  
CLAY COUNTY  
FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



**CRIT LUALLEN  
AUDITOR OF PUBLIC ACCOUNTS  
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## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CLAY COUNTY FISCAL COURT**

**June 30, 2009**

The Auditor of Public Accounts has completed the audit of the Clay County Fiscal Court for fiscal year ended June 30, 2009.

We have issued unqualified opinions, on the governmental activities, each major fund, and aggregate remaining fund information financial statements of Clay County, Kentucky. We have issued an adverse opinion on the business - type activities.

#### **Financial Condition:**

The fiscal court had net assets of \$12,023,510 as of June 30, 2009, with unrestricted net assets of \$6,428,680 in its governmental activities. As of June 30, 2009, the fiscal court had total debt principal of \$14,207,780 with \$810,597 due within the next year.

#### **Report Comments:**

- |         |   |
|---------|---|
| 2009-01 | The Jail Lacked Sufficient Controls Over Canteen Operations   |
| 2009-02 | Inmate Cash Totaling \$7,928 Could Not Be Traced To A Jail Canteen Bank Deposit                               |
| 2009-03 | Jail Canteen Bank Deposits Are \$43,780 Less Than Inmate Deposits Recorded In Canteen Reporting System (JAMS) |
| 2009-04 | Accounting For The Collection Of The Jail Canteen's Kentucky Sales Tax Was Lacking                            |
| 2009-05 | Jail Fund Should Reimburse The Jail Canteen Fund For A Vehicle Purchased In Fiscal Year 2008                  |

#### **Deposits:**

The County's deposits as of August 31, 2008 were exposed to custodial credit risk at its depository institution as follows:

- Uncollateralized and Uninsured \$726,066

The County's deposits were covered by FDIC insurance and a properly executed collateral security agreement, but the bank did not adequately collateralize the County's deposits in accordance with the security agreement.



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**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

To the People of Kentucky

Honorable Steven L. Beshear, Governor

Jonathan Miller, Secretary Finance and Administration Cabinet

Honorable Carl Sizemore, Clay County Judge/Executive

Members of the Clay County Fiscal Court

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clay County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents. These financial statements are the responsibility of the Clay County Fiscal Court. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for Fiscal Court Audits issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As described in Note 1, Clay County, Kentucky, prepares its financial statements in accordance with the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Management has not included the Jail Canteen Fund in the county's financial statements. Accounting principles generally accepted in the United States of America as modified by the basis of accounting described in Note 1, require the Jail Canteen Fund to be presented as a major enterprise fund and financial information about the Jail Canteen Fund to be part of the business-type activities, thus increasing that activity's assets, liabilities, revenues, and expenses, and changing its net assets. The amount by which this departure would affect the assets, liabilities, net and fund net assets, revenues, and expenses of the business-type activities and the omitted major fund is not reasonably determinable.

In our opinion, because of the omission of the Jail Canteen Fund, as discussed previously, the financial statements referred to above do not present fairly, the financial position of the business-type activities and Jail Canteen Fund of Clay County, Kentucky, as of June 30, 2009, or the changes in financial position or cash flows thereof for the year then ended in conformity with the basis of accounting described in Note 1.



To the People of Kentucky

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In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Kentucky, as of June 30, 2009, and the respective changes in financial position thereof for the year then ended in conformity with the basis of accounting described in Note 1.

The County has not presented the management's discussion and analysis that the Governmental Accounting Standards Board (GASB) has determined is necessary to supplement, although not required to be part of, the basic financial statements. The Budgetary Comparison Schedules are not a required part of the basic financial statements but are supplementary information required by GASB. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clay County, Kentucky's basic financial statements. The accompanying supplementary information, combining fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation of the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated March 31, 2010 on our consideration of Clay County, Kentucky's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Based on the results of our audit, we present the accompanying comments and recommendations, included herein, which discuss the following report comments:

- 2009-01 The Jail Lacked Sufficient Controls Over Canteen Operations
- 2009-02 Inmate Cash Totaling \$7,928 Could Not Be Traced To A Jail Canteen Bank Deposit
- 2009-03 Jail Canteen Bank Deposits Are \$43,780 Less Than Inmate Deposits Recorded In Canteen Reporting System (JAMS)
- 2009-04 Accounting For The Collection Of The Jail Canteen's Kentucky Sales Tax Was Lacking
- 2009-05 Jail Fund Should Reimburse The Jail Canteen Fund For A Vehicle Purchased In Fiscal Year 2008

Respectfully submitted,



Crit Luallen

Auditor of Public Accounts

March 31, 2010

CLAY COUNTY OFFICIALS

For The Year Ended June 30, 2009

**Fiscal Court Members:**

Carl Sizemore	County Judge/Executive
Ray Adams	Magistrate
Stanley Bowling	Magistrate
Carl Jackson	Magistrate
Randall Wages	Magistrate
Ray Brown	Magistrate
Johnny Johnson	Magistrate

**Other Elected Officials:**

Clay M. Bishop, Jr.	County Attorney
Kenny Price	Jailer
Freddy Thompson	County Clerk
James Phillips	Circuit Court Clerk
Kevin Johnson	Sheriff
Phillip Mobley	Property Valuation Administrator
Jim Trosper	Coroner

**Appointed Personnel:**

Debra Parks	County Treasurer
Ted Woods	Occupational Tax Collector
Diana Roberts	Finance Officer

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**CLAY COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**



**CLAY COUNTY**  
**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS**

**June 30, 2009**

	<u><b>Primary Government Governmental Activities</b></u>
<b>ASSETS</b>	
Current Assets:	
Cash and Cash Equivalents	\$ 7,118,680
Notes Receivable Due Within One Year	120,597
Total Current Assets	<u>7,239,277</u>
Noncurrent Assets:	
Notes Receivable Due In More Than One Y	1,677,180
Capital Assets - Net of Accumulated Depreciation	
Construction In Progress	417,432
Land and Land Improvements	611,727
Buildings	14,257,046
Vehicles and Equipment	810,200
Infrastructure	1,218,428
Total Noncurrent Assets	<u>18,992,013</u>
Total Assets	<u>26,231,290</u>
<b>LIABILITIES</b>	
Current Liabilities:	
Financing Obligations Payable	430,597
Revenue Bonds Payable	380,000
Total Current Liabilities	<u>810,597</u>
Noncurrent Liabilities:	
Financing Obligations Payable	2,222,183
Revenue Bonds Payable	11,175,000
Total Noncurrent Liabilities	<u>13,397,183</u>
Total Liabilities	<u>14,207,780</u>
<b>NET ASSETS</b>	
Invested in Capital Assets, Net of Related Debt	5,594,830
Unrestricted	6,428,680
Total Net Assets	<u><u>\$ 12,023,510</u></u>

The accompanying notes are an integral part of the financial statements.

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**CLAY COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**

**CLAY COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

		Program Revenues Received		
Functions/Programs Reporting Entity	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 2,426,642	\$ 284,680	\$ 942,859	\$ 11,174
Protection to Persons and Property	3,222,145	2,808,724	237,652	566,000
General Health and Sanitation	58,627	200	281,364	132,835
Social Services	122,193		11,775	
Recreation and Culture	115,154			153,370
Roads	929,252		1,520,259	89,870
Interest on Long Term Debt	427,355			
Capital Projects	272,431			
Total Primary Government	\$ 7,573,799	\$ 3,093,604	\$ 2,993,909	\$ 953,249
General Revenues:				
Taxes:				
Real Property Taxes				
Motor Vehicle Taxes				
Occupational Taxes				
Other Taxes				
Excess Fees				
Miscellaneous Revenues				
Accrued Interest Received				
Total General Revenues and Transfers				
Change in Net Assets				
Net Assets - Beginning (Restated)				
Net Assets - Ending				

The accompanying notes are an integral part of the financial statements.

**CLAY COUNTY**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**Net (Expenses) Revenue:**  
**and Changes in Net Assets**  
**Primary Government**

<b>Governmental Activities</b>	
\$	(1,187,929)
	390,231
	355,772
	(110,418)
	38,216
	680,877
	(427,355)
	(272,431)
\$	(533,037)

	276,427
	89,431
	1,420,491
	122,847
	110,939
	1,615,930
	102,075
	3,738,140
	3,205,103
	8,818,407
\$	12,023,510

The accompanying notes are an integral part of the financial statements.

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**CLAY COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

**CLAY COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 1,735,374	\$ 2,034,195	\$ 164,669	\$ 1,181,137	.
Total Assets	<u>1,735,374</u>	<u>2,034,195</u>	<u>164,669</u>	<u>1,181,137</u>	.
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	171,726	37,579	100,215	1,986	
Unreserved:					
General Fund	1,563,648				
Special Revenue Funds		1,996,616	64,454	1,179,151	
Capital Project Funds					
Debt Service Funds					.
Total Fund Balances	<u>\$ 1,735,374</u>	<u>\$ 2,034,195</u>	<u>\$ 164,669</u>	<u>\$ 1,181,137</u>	.

The accompanying notes are an integral part of the financial statements.

**CLAY COUNTY**  
**BALANCE SHEET - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**June 30, 2009**  
**(Continued)**

<b>Occupational Tax Fund</b>	<b>Capital Outlay Fund</b>	<b>Special Reserve Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 946,656	\$ 71,319	\$ 819,150	\$ 166,180	\$ 7,118,680
946,656	71,319	819,150	166,180	7,118,680
37,986			1,400	350,892
				1,563,648
908,670		819,150	2,738	4,970,779
			162,042	162,042
	71,319			71,319
\$ 946,656	\$ 71,319	\$ 819,150	\$ 166,180	\$ 7,118,680

**Reconciliation to Statement of Net Assets:**

Total Fund Balances	\$ 7,118,680
Amounts Reported For Governmental Activities In The Statement Of Net Assets Are Different Because:	
Capital Assets Used in Governmental Activities Are Not Financial Resources and Therefore Are Not Reported in the Funds.	20,102,516
Accumulated Depreciation	(2,787,683)
Receivables Are Not Due and Receivable in the Current Period and, Therefore, Are Not Reported in the Funds	1,797,777
Long-term Debt Is Not Due and Payable in the Current Period and, Therefore, Is Not Reported in the Funds.	
Financing Obligations	(2,652,780)
Bonded Debt	(11,555,000)
Net Assets Of Governmental Activities	<u>\$ 12,023,510</u>

The accompanying notes are an integral part of the financial statements.

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**CLAY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

**CLAY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

	<b>General Fund</b>	<b>Road Fund</b>	<b>Jail Fund</b>	<b>Local Government Economic Assistance Fund</b>
<b>REVENUES</b>				
Taxes	\$ 483,779	\$	\$	\$
In Lieu Tax Payments	152,566	388,751		
Excess Fees	110,939			
Licenses and Permits	17,263			200
Intergovernmental	777,227	1,805,538	2,025,125	942,859
Charges for Services	988,978			
Miscellaneous	52,959	4,666	97,981	
Interest	18,566	26,521	2,352	13,967
Total Revenues	<u>2,602,277</u>	<u>2,225,476</u>	<u>2,125,458</u>	<u>957,026</u>
<b>EXPENDITURES</b>				
General Government	1,051,053	21,600		
Protection to Persons and Property			1,681,600	28,070
General Health and Sanitation				
Social Services	6,532			
Recreation and Culture	3,344			
Roads		746,804		137,583
Debt Service			300,414	
Capital Projects				
Administration	858,098	317,721	430,067	2
Total Expenditures	<u>1,919,027</u>	<u>1,086,125</u>	<u>2,412,081</u>	<u>165,655</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>683,250</u>	<u>1,139,351</u>	<u>(286,623)</u>	<u>791,371</u>
<b>Other Financing Sources (Uses)</b>				
Transfers From Other Funds			544,997	
Transfers To Other Funds	(225,695)		(262,795)	(319,302)
Total Other Financing Sources (Uses)	<u>(225,695)</u>		<u>282,202</u>	<u>(319,302)</u>
Net Change in Fund Balances	457,555	1,139,351	(4,421)	472,069
Fund Balances - Beginning	1,277,819	894,844	169,090	709,068
Fund Balances - Ending	<u>\$ 1,735,374</u>	<u>\$ 2,034,195</u>	<u>\$ 164,669</u>	<u>\$ 1,181,137</u>

The accompanying notes are an integral part of the financial statements.

**CLAY COUNTY**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Occupational Tax Fund</b>	<b>Capital Outlay Fund</b>	<b>Special Reserve Fund</b>	<b>Non- Major Funds</b>	<b>Total Governmental Funds</b>
\$ 1,420,491	\$	\$	\$ 4,926	\$ 1,909,196
				541,317
				110,939
				17,463
	613,822		783,379	6,947,950
				988,978
	3,933		1,445	160,984
11,425	1,145	27,488	611	102,075
1,431,916	618,900	27,488	790,361	10,778,902
2,400			166,191	1,241,244
815,888			387,674	2,913,232
58,627				58,627
4,000			132,835	143,367
			111,810	115,154
				884,387
	791,941			1,092,355
	215,816			215,816
184,829	12,546	2	52	1,803,317
1,065,744	1,020,303	2	798,562	8,467,499
366,172	(401,403)	27,486	(8,201)	2,311,403
	262,795			807,792
				(807,792)
	262,795			
366,172	(138,608)	27,486	(8,201)	2,311,403
580,484	209,927	791,664	174,381	4,807,277
\$ 946,656	\$ 71,319	\$ 819,150	\$ 166,180	\$ 7,118,680

The accompanying notes are an integral part of the financial statements.

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**CLAY COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**



**CLAY COUNTY**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCES OF**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**

**For The Year Ended June 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$ 2,311,403

Amounts reported for governmental activities in the Statement of Activities are different because Governmental Funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.

Capital Outlay	817,457
Depreciation Expense	(588,757)

Lease and bond principal payments are expensed in the Governmental Funds as a use of current financial resources.

Financing Obligations Principal Amount	339,036
Bond Principal Payments	365,000

The payment of notes receivable from outside entities provides current financial resources to governmental funds, while at the government-wide level, it is a reduction to the notes receivable.

(39,036)

Change in Net Assets of Governmental Activities	\$ <u>3,205,103</u>
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TO THE FINANCIAL STATEMENTS**

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**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2009**

**Note 1. Summary of Significant Accounting Policies**

**A. Basis of Presentation**

The county presents its government-wide and fund financial statements in accordance with a modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Under this basis of accounting, assets, liabilities, and related revenues and expenditures are recorded when they result from cash transactions, with a few exceptions. This modified cash basis recognizes revenues when received and expenditures when paid. Notes receivable are recognized on the Statement of Net Assets, but notes receivable are not included and recognized on Balance Sheet - Governmental Funds. Property tax receivables, accounts payable, compensated absences, and donated assets are not reflected in the financial statements.

Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance (Reserved for Encumbrances).

The State Local Finance Officer does not require the county to report capital assets and infrastructure; however the value of these assets is included in the Statement of Net Assets and the corresponding depreciation expense is included on the Statement of Activities.

**B. Reporting Entity**

The financial statements of Clay County include the funds, agencies, boards, and entities for which the fiscal court is financially accountable. Financial accountability, as defined by Section 2100 of the Governmental Accounting Standards Board (GASB) Codification of Governmental Accounting and Financial Reporting Standards, as amended by GASB 14 and GASB 39, was determined on the basis of the government's ability to significantly influence operations, select the governing authority, participate in fiscal management and the scope of public service. Consequently, the reporting entity includes organizations that are legally separate from the primary government. Legally separate organizations are reported as component units if either the county is financially accountable or the organization's exclusion would cause the county's financial statements to be misleading or incomplete. Component units may be blended or discretely presented. Blended component units either provide their services exclusively or almost entirely to the primary government, or their governing bodies are substantively the same as the primary government.

**Blended Component Unit**

The following legally separate organization provides its services exclusively to the primary government, and the fiscal court is able to impose its will on this organization. The organization's balances and transactions are reported as though they are part of the county's primary government using the blending method.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**B. Reporting Entity (Continued)**

Blended Component Unit (Continued)

Clay County Justice Center Corporation

The Clay County Justice Center Corporation (the Corporation) is a legally separate entity established to provide long-term debt service to the Fiscal Court and to oversee the construction of the justice center facility. A majority of the Corporation's governing body is appointed by the Clay County Judge/Executive. Further, the Clay County fiscal Court can significantly influence the Corporation's operations. Therefore, management must include the Corporation as a component unit, and the Corporation's financial activity is blended with that of the Fiscal Court.

**C. Clay County Elected Officials**

Kentucky law provides for election of the officials below from the geographic area constituting Clay County. Pursuant to state statute, these officials perform various services for the Commonwealth of Kentucky, its judicial courts, the fiscal court, various cities and special districts within the county, and the board of education. In exercising these responsibilities, however, they are required to comply with state laws. Audits of their financial statements are issued separately and individually and can be obtained from their respective administrative offices. These financial statements are not required to be included in the financial statements of Clay County, Kentucky.

- Circuit Court Clerk
- County Attorney
- Property Valuation Administrator
- County Clerk
- County Sheriff

**D. Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its non-fiduciary component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on sales, fees, and charges for support. Business-type revenues come mostly from fees charged to external parties for goods or services.

The statement of net assets presents the reporting entity's non-fiduciary assets and liabilities, the difference between the two being reported as net assets. Net assets are reported in three categories: 1) invested in capital assets, net of related debt - consisting of capital assets, net of accumulated depreciation and reduced by outstanding balances for debt related to the acquisition, construction, or improvement of those assets; 2) restricted net assets - resulting from constraints placed on net assets by creditors, grantors, contributors, and other external parties, including those constraints imposed by law through constitutional provisions or enabling legislation; and 3) unrestricted net assets - those assets that do not meet the definition of restricted net assets or invested in capital assets.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function; 2) operating grants and contributions; and 3) capital grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Internally dedicated resources such as taxes and unrestricted state funds are reported as general revenues.

Generally and except as otherwise provided by law, property taxes are assessed as of January 1, levied (mailed) November 1, due at discount November 30, due at face value December 31, delinquent January 1 following the assessment, and subject to lien and sale the 3<sup>rd</sup> Saturday in April following the delinquency date.

Funds are characterized as either major or non-major. Major funds are those whose assets, liabilities, revenues, or expenditures/expenses are at least ten percent of the corresponding total (assets, liabilities, etc.) for all funds or type (governmental or proprietary) and whose total assets, liabilities, revenues, or expenditures/expenses are at least five percent of the corresponding total for all governmental and enterprise funds combined. The fiscal court may also designate any fund as major.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the financial statements.

**Governmental Funds**

The primary government reports the following major governmental funds:

**General Fund** - This is the primary operating fund of the fiscal court. It accounts for all financial resources of the general government, except where the Department for Local Government requires a separate fund or where management requires that a separate fund be used for some function.

**Road Fund** - This fund is for road and bridge construction and repair. The primary source of revenue for this fund is state payments for truck licenses distribution, municipal road aid, and transportation grants. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Jail Fund** - The primary purpose of this fund is to account for the jail expenses of the county. The primary sources of revenue for this fund are reimbursements from the state and federal government, payments from other counties for housing prisoners, and transfers from the General Fund. The Department for Local Government requires the fiscal court to maintain these receipts and expenditures separately from the General Fund.

**Local Government Economic Assistance Fund (LGEA Fund)** - The purpose of this fund is to account for Local Government Economic Assistance activity. The primary sources of revenue for this fund are coal and mineral severance distributions.

**Occupational Tax Fund** - The purpose of this fund is to account for occupational payroll and net profits taxes. The Occupational Tax Fund receipts are used to supplement the general operations of the Fiscal Court.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Governmental Funds (Continued)**

Capital Outlay Fund - This fund is used to account for construction projects undertaken by the Fiscal Court.

Special Reserve Fund - This fund is used to account for interest from Certificates of Deposits to be used for future projects of the Fiscal Court.

The primary government also has the following non-major funds: AMB/EMS Fund, Forest Fire Fund, Economic Development Fund, Special Construction Fund, Special Water Line Fund, and Special Miscellaneous Fund.

**Special Revenue Funds:**

The Road Fund, Jail Fund, Local Government Economic Assistance Fund, Occupational Tax Fund, Special Reserve Fund, Forest Fire Fund, and Special Miscellaneous Fund are presented as special revenue funds. Special revenue funds are to account for the proceeds of specific revenue sources and expenditures that are legally restricted for specific purposes.

**Capital Projects Funds:**

AMB/EMS Fund, Economic Development Fund, Special Water Line Fund, and Special Construction Fund are presented as capital projects funds. Capital projects funds are to account for the financial resources to be used for the acquisition or construction of major capital facilities.

**Debt Service Funds:**

The Capital Outlay Fund is presented as a debt service fund. Debt service funds are used to account for financial resources related to the issuance and repayment of long term debt.

**Proprietary Funds**

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with proprietary funds' principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal operating revenues of the county's enterprise funds are charges to customers for sales in the Jail Canteen Fund. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The primary government was required to report the following major proprietary fund:

Jail Canteen Fund - The canteen operations are authorized pursuant to KRS 441.135(1), which allows the jailer to sell snacks, sodas, and other items to inmates. The profits generated from the sale of those items are to be used for the benefit or recreation of the inmates. KRS 441.135(2) requires the jailer to maintain accounting records and report annually to the county treasurer the receipts and disbursements of the Jail Canteen Fund.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**D. Government-wide and Fund Financial Statements (Continued)**

**Proprietary Funds (Continued)**

The primary government did not include the proprietary fund as part of the basic financial statements due to issues with the accuracy and completeness of the Jail Canteen Fund financial statements.

**E. Deposits and Investments**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits, certificates of deposit, and short-term investments with original maturities of three months or less from the date of acquisition.

KRS 66.480 authorizes the county to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

**F. Capital Assets**

Capital assets, which include land, land improvements, buildings, furniture and office equipment, building improvements, machinery, equipment, and infrastructure assets (roads and bridges) that have a useful life of more than one reporting period based on the government's capitalization policy, are reported in the applicable governmental or business-type activities of the government-wide financial statements. Such assets are recorded at historical cost or estimated historical cost when purchased or constructed.

Cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not capitalized. Land and Construction In Progress are not depreciated. Interest incurred during construction is not capitalized. Capital assets and infrastructure are depreciated using the straight-line method of depreciation over the estimated useful life of the asset.

	Capitalization Threshold	Useful Life (Years)
Land	\$ 1	N/A
Buildings and Building Improvements	\$ 1	25-40 years
Vehicles	\$ 5,000	5-10 years
Machinery and Equipment	\$ 5,000	5-20 years
Infrastructure	\$ 50,000	5-50 years

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**G. Long-term Obligations**

In the government-wide financial statements, long term debt and other long-term obligations are reported as liabilities in the applicable financial statements. The principal amount of bonds, notes and financing obligations are reported.

In the fund financial statements, governmental fund types recognize bond interest, as well as bond issuance costs when received or when paid, during the current period. The principal amount of the debt and interest are reported as expenditures. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures. Debt proceeds are reported as other financing sources.

**H. Fund Equity**

In the fund financial statements, the difference between the assets and liabilities of governmental funds is reported as fund balance. Fund balance is divided into reserved and unreserved components, with unreserved considered available for new spending. Unreserved fund balances may be divided into designated and undesignated portions. Designations represent fiscal court's intended use of the resources and should reflect actual plans approved by the fiscal court.

Governmental funds report reservations of fund balance for amounts that are legally restricted by outside parties for use for a specific purpose, long-term receivables, and encumbrances.

"Reserved for Encumbrances" are purchase orders that will be fulfilled in a subsequent fiscal period. Although the purchase order or contract creates a legal commitment, the fiscal court incurs no liability until performance has occurred on the part of the party with whom the fiscal court has entered into the arrangement. When a government intends to honor outstanding commitments in subsequent periods, such amounts are encumbered. Encumbrances lapse at year-end and are not reflected on the Statement of Net Assets and Statement of Activities; however, encumbrances are reflected on the Balance Sheet - Governmental Funds as part of the fund balance.

**I. Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

The Capital Outlay Fund was not budgeted for fiscal year ended June 30, 2009. This fund represents the blended component unit activity of the Clay County Justice Center Corporation Fund, which is a legally separate organization that is not budgeted by the Fiscal Court.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 1. Summary of Significant Accounting Policies (Continued)**

**J. Related Organization**

A related organization is an entity for which a primary government is not financially accountable. It does not impose will or have a financial benefit or burden relationship, even if the primary government appoints a voting majority of the related organization's governing board. Based on these criteria, the following are considered related organizations of Clay County Fiscal Court: Clay County Industrial Authority and Clay-Leslie Industrial Authority.

**Note 2. Deposits**

The primary government and component units maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC). According to KRS 66.480(1)(d) and KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the county and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

**Custodial Credit Risk Deposits**

Custodial credit risk is the risk that in the event of a depository institution failure, the government's deposits may not be returned. The government does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of August 31, 2008, public funds were exposed to custodial credit risk because the bank did not adequately collateralize the County's deposits in accordance with the security agreement as follows:

- Uncollateralized and Uninsured \$726,066

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 3. Capital Assets**

Capital asset activity for the year ended June 30, 2009 was as follows:

	Reporting Entity			
	Beginning Balance	Increases	Decreases	Ending Balance
<b>Primary Government:</b>				
<u>Governmental Activities:</u>				
Capital Assets Not Being Depreciated:				
Land and Land Improvements	\$ 611,727	\$	\$	\$ 611,727
Construction In Progress	70,615	403,432	(56,615)	417,432
Total Capital Assets Not Being Depreciated	682,342	403,432	(56,615)	1,029,159
Capital Assets, Being Depreciated:				
Buildings	15,702,516	313,443		16,015,959
Vehicles and Equipment	1,539,915	157,197		1,697,112
Infrastructure	1,360,286			1,360,286
Total Capital Assets Being Depreciated	18,602,717	470,640		19,073,357
Less Accumulated Depreciation For:				
Buildings	(1,353,813)	(405,100)		(1,758,913)
Vehicles and Equipment	(732,607)	(154,305)		(886,912)
Infrastructure	(112,506)	(29,352)		(141,858)
Total Accumulated Depreciation	(2,198,926)	(588,757)		(2,787,683)
Total Capital Assets, Being Depreciated, Net	16,403,791	(118,117)		16,285,674
Governmental Activities Capital Assets, Net	\$ 17,086,133	\$ 285,315	\$ (56,615)	\$ 17,314,833

Depreciation expense was charged to functions of the primary government as follows:

<u>Governmental Activities:</u>	
General Government	\$ 77,782
Protection to Persons and Property	398,202
Roads, Including Depreciation of General Infrastructure Assets	<u>112,773</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 588,757</u>

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt**

**A. KIA Loan and Note Receivable**

In 1996, the Clay County Fiscal Court obtained a water resources loan from the Kentucky Infrastructure Authority on behalf of the North Manchester Water Association. As part of the Kentucky Infrastructure Loan Agreement, the Clay County Fiscal Court executed a lease agreement with the North Manchester Water Association over the same thirty-year term as the loan agreement, which provides for lease payments to be made to the County prior to the due date of the loan payments. The loan is to be repaid at a 2.95% interest rate with scheduled payments of principal and interest of 66,129 plus a loan servicing fee due each December 1 and June 1 during the term of the loan. At the end of the term of the lease, the County will convey title of the assets to North Manchester Water Association. Future lease principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 120,597	\$ 77,790
2011	83,392	48,866
2012	85,870	46,388
2013	88,422	43,836
2014	91,050	41,209
2015-2019	497,479	163,810
2020-2024	575,924	85,368
2025-2026	255,043	9,473
Totals	<u>\$ 1,797,777</u>	<u>\$ 516,740</u>

**B. Justice Center Bonds, Series 2003**

On May 1, 2003, the Clay County Justice Center issued bonds at variable interest rates in order to construct the Clay County Justice Center. On the same day, the Clay County Justice Center Corporation, Administrative Office of the Courts (AOC), and the County entered into a lease agreement for the purpose of obtaining office rental space for the AOC at the Clay County Justice Center. The financing plan for the project is as follows:

Clay County Fiscal Court and the Clay County Justice Center Corporation are acting as agents for the AOC in order to plan, design, construct, manage and maintain the Clay County Justice Center. The Clay County Justice Center Corporation and the County expect annual rentals for the use of the building to be in the amount of the annual principal and interest requirements of the bonds. Under the terms of the lease, the AOC has agreed to pay directly to the paying agent bank, the use allowance payment as provided in the lease. The lease agreement is renewable on July 1 of each year for another biennial period of two years. The County and Clay County Justice Center are dependent upon the use allowance payment in order to meet the debt service for the bonds.

The use allowance payment commences with occupancy of the Justice Center Building by the AOC. The AOC, with the execution of the lease, has expressed its intention to continue to pay the full use allowance payment in each successive biennial budget period until November 1, 2023, but the lease does not legally obligate the AOC to do so.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 4. Long-term Debt (Continued)**

**B. Justice Center Bonds, Series 2003 (Continued)**

As of June 30, 2009, the principal balance remaining was \$6,200,000. Future bond payments are as follows:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 315,000	\$ 213,493
2011	330,000	202,205
2012	340,000	190,480
2013	355,000	178,318
2014	370,000	165,631
2015-2019	2,030,000	623,053
2020-2024	2,460,000	227,833
Totals	<u>\$ 6,200,000</u>	<u>\$ 1,801,013</u>

**C. Detention Center Bonds, Series 2006**

During January 2006, the County issued Public Project Refunding Bonds totaling \$5,575,000 to advance certain bonded lease obligations totaling \$4,840,000. The net proceeds from the issuance of the refunding issue were used to purchase U.S. Government securities and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the bonds are called. The advance refunding met the requirements of an in-substance defeasance and the refunded bonds were removed from the County's long-term debt obligations. The advance refunding was undertaken to reduce total debt service payments by \$383,942 and to obtain an economic gain of \$138,154. Future principal and interest requirements are:

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 65,000	\$ 200,424
2011	360,000	198,068
2012	375,000	185,018
2013	385,000	171,424
2014	400,000	157,468
2015-2019	2,245,000	555,938
2020-2024	1,525,000	120,002
Totals	<u>\$ 5,355,000</u>	<u>\$ 1,588,342</u>

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Capital Lease Agreements**

**A. KADD Leases - Detention Center**

In August 2000, the County initiated a series of lease financing agreements with the Kentucky Area Development District (KADD) for the purpose of financing construction of a new detention center. Interest related to the leases is payable on November 20 and May 20 of each year, and principal payments are due on May 20 of each year until termination. Future lease principal and interest requirements are:

**KADD Lease - Detention Center**

**Phase I**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 20,000	\$ 1,026
Totals	<u>\$ 20,000</u>	<u>\$ 1,026</u>

**Phase II**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 80,000	\$ 4,080
Totals	<u>\$ 80,000</u>	<u>\$ 4,080</u>

**Phase III**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 180,000	\$ 9,180
Totals	<u>\$ 180,000</u>	<u>\$ 9,180</u>

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 5. Capital Lease Agreements (Continued)**

**B. KADD Leases - Justice Center**

In October 2003, the County entered into a \$715,000, 20-year lease purchase agreement with the Kentucky Area Development District (KADD) for the purpose of providing financing for a new Justice Center. Interest related to the lease is payable on November 20 and May 20 each year and principal payments are due on May 20 each year. The lease bears interest at an average rate of 4.26% over the term of the agreement. The Kentucky Administrative Office of the Courts is expected to reimburse the County for the full amount of all debt service related to the lease. Future lease principal and interest requirements are:

**KADD Lease - Justice Center**

Fiscal Year Ended June 30	Governmental Activities	
	Principal	Interest
2010	\$ 30,000	\$ 23,720
2011	30,000	22,820
2012	30,000	21,838
2013	35,000	20,689
2014	35,000	19,394
2015-2019	185,000	75,553
2020-2024	230,000	28,800
Totals	<u>\$ 575,000</u>	<u>\$ 212,814</u>

**Note 6. Changes In Long-term Liabilities**

Long-term liability activity for the year ended June 30, 2009, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b>Primary Government:</b>					
<u>Governmental Activities:</u>					
Revenue Bonds	\$ 11,920,000	\$	\$ 365,000	\$ 11,555,000	\$ 380,000
Financing Obligations	2,991,816		339,036	2,652,780	430,597
Governmental Activities					
Long-term Liabilities	<u>\$ 14,911,816</u>	<u>\$ 0</u>	<u>\$ 704,036</u>	<u>\$ 14,207,780</u>	<u>\$ 810,597</u>

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 7. Employee Retirement System**

The fiscal court has elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a multiple-employer public retirement system, which covers all eligible full-time employees. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 13.50 percent.

The county's contribution for fiscal years ended June 30, 2007 and 2008 was \$293,316 and \$340,155, respectively. The county's contribution for fiscal year ended June 30, 2009 was \$374,151, which includes contributions made by the county on behalf of the Sheriff's department and the County Clerk's office and their respective eligible employees.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who began participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

**Note 8. Insurance**

For the fiscal year ended June 30, 2009, Clay County was a member of the Kentucky Association of Counties' All Lines Fund (KALF). KALF is a self-insurance fund and was organized to obtain lower cost coverage for general liability, property damage, public officials' errors and omissions, public liability, and other damages. The basic nature of a self-insurance program is that of a collectively shared risk by its members. If losses incurred for covered claims exceed the resources contributed by the members, the members are responsible for payment of the excess losses.

**Note 9. Related Party Transactions**

The Clay County Fiscal Court paid \$9,600 to the Clay County Attorney for rent on office space. The Clay County Attorney also received \$8,683 for legal work related to the Clay County Justice Center.

The Jail Canteen paid \$94,007 to a vendor owned by a relative of the Jail Canteen's former bookkeeper.

**CLAY COUNTY**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2009**  
**(Continued)**

**Note 10. Prior Period Adjustments**

**A. Net Assets**

The following adjustments were made to Beginning Net Assets:

Net Assets (Beginning)	\$	8,812,472
Adjustments:		
Capital Asset Adjustments		(5,507)
Retirement Liability Adjustment		11,447
Miscellaneous Adjustment		<u>(5)</u>
Net Assets (Beginning) - Restated	\$	<u><u>8,818,407</u></u>

Beginning net assets of the governmental activities was decreased by \$5,512 due to capital assets previously reported that were below the capitalization threshold and other miscellaneous adjustments. Beginning net assets was increased by \$11,447 to account for a prior period retirement payable liability reported, resulting in restated beginning net assets of \$8,818,407.

**B. Cash Balances**

The prior year ending cash balance for the General Fund was adjusted \$11,447 for prior year retirement liability payable.

Beginning Cash Balance - General Fund	\$	1,266,372
Adjustment: Prior year retirement liability		<u>11,447</u>
Beginning Cash Balance - General Fund	\$	<u><u>1,277,819</u></u>

Beginning balances for the following funds were adjusted due to rounding errors: Road Fund was adjusted \$2, Jail Fund was adjusted \$1, Occupational Tax Fund was adjusted \$1, Capital Outlay Fund was adjusted \$1, and Forest Fire Fund was adjusted \$1.

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**



**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**

**For The Year Ended June 30, 2009**

	<b>GENERAL FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 437,500	\$ 483,690	\$ 483,779	\$ 89
In Lieu Tax Payments	81,230	81,230	152,566	71,336
Excess Fees	140,798	166,929	110,939	(55,990)
Licenses and Permits	8,450	14,400	17,263	2,863
Intergovernmental Revenue	610,300	747,163	777,227	30,064
Charges for Services	900,000	900,000	988,978	88,978
Miscellaneous	44,150	67,836	52,959	(14,877)
Interest	8,000	12,626	18,566	5,940
Total Revenues	<u>2,230,428</u>	<u>2,473,874</u>	<u>2,602,277</u>	<u>128,403</u>
<b>EXPENDITURES</b>				
General Government	1,025,998	1,182,029	1,051,053	130,976
Protection to Persons and Property	3,100	3,100		3,100
General Health and Sanitation	32,535	32,535		32,535
Social Services		16,000	6,532	9,468
Recreation and Culture	7,500	288,865	3,344	285,521
Administration	935,600	2,003,469	858,098	1,145,371
Total Expenditures	<u>2,004,733</u>	<u>3,525,998</u>	<u>1,919,027</u>	<u>1,606,971</u>
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	<u>225,695</u>	<u>(1,052,124)</u>	<u>683,250</u>	<u>1,735,374</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	<u>(225,695)</u>	<u>(225,695)</u>	<u>(225,695)</u>	
Total Other Financing Sources (Uses)	<u>(225,695)</u>	<u>(225,695)</u>	<u>(225,695)</u>	
Net Changes in Fund Balance		(1,277,819)	457,555	1,735,374
Fund Balance - Beginning		<u>1,277,819</u>	<u>1,277,819</u>	
Fund Balance - Ending	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,735,374</u>	<u>\$ 1,735,374</u>

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

	<b>ROAD FUND</b>			
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
In Lieu Tax Payments	\$ 100,000	\$ 388,751	\$ 388,751	\$
Intergovernmental Revenue	975,673	1,798,922	1,805,538	6,616
Miscellaneous	2,600	4,846	4,666	(180)
Interest	10,000	21,009	26,521	5,512
Total Revenues	1,088,273	2,213,528	2,225,476	11,948
<b>EXPENDITURES</b>				
General Government	21,600	21,600	21,600	
Roads	1,134,000	1,183,300	746,804	436,496
Administration	215,794	1,903,472	317,721	1,585,751
Total Expenditures	1,371,394	3,108,372	1,086,125	2,022,247
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(283,121)	(894,844)	1,139,351	2,034,195
Net Changes in Fund Balance	(283,121)	(894,844)	1,139,351	2,034,195
Fund Balance - Beginning	283,121	894,844	894,844	
Fund Balance - Ending	\$ 0	\$ 0	\$ 2,034,195	\$ 2,034,195

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>JAIL FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 2,053,515	\$ 2,227,140	\$ 2,025,125	\$ (202,015)
Miscellaneous	120,100	120,100	97,981	(22,119)
Interest	5,000	5,000	2,352	(2,648)
Total Revenues	2,178,615	2,352,240	2,125,458	(226,782)
<b>EXPENDITURES</b>				
Protection to Persons and Property	1,503,271	1,730,731	1,681,600	49,131
Debt Service	563,423	563,423	300,414	263,009
Administration	497,267	612,522	430,067	182,455
Total Expenditures	2,563,961	2,906,676	2,412,081	494,595
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(385,346)	(554,436)	(286,623)	267,813
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers From Other Funds	385,346	385,346	544,997	159,651
Transfers To Other Funds			(262,795)	(262,795)
Total Other Financing Sources (Uses)	385,346	385,346	282,202	(103,144)
Net Changes in Fund Balance		(169,090)	(4,421)	164,669
Fund Balance - Beginning		169,090	169,090	
Fund Balance - Ending	\$ 0	\$ 0	\$ 164,669	\$ 164,669

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

**LOCAL GOVERNMENT ECONOMIC ASSISTANCE FUND**

	Budgeted Amounts		Actual Amounts, (Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Licenses and Permits	\$ 300	\$ 300	\$ 200	\$ (100)
Intergovernmental Revenue	550,000	680,609	942,859	262,250
Interest	4,000	10,999	13,967	2,968
Total Revenues	554,300	691,908	957,026	265,118
<b>EXPENDITURES</b>				
Protection to Persons and Property	28,500	28,500	28,070	430
Roads	275,000	296,000	137,583	158,417
Administration	91,149	916,825	2	916,823
Total Expenditures	394,649	1,241,325	165,655	1,075,670
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	159,651	(549,417)	791,371	1,340,788
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers To Other Funds	(159,651)	(159,651)	(319,302)	(159,651)
Total Other Financing Sources (Uses)	(159,651)	(159,651)	(319,302)	(159,651)
Net Changes in Fund Balances		(709,068)	472,069	1,181,137
Fund Balances - Beginning		709,068	709,068	
Fund Balances - Ending	\$ 0	\$ 0	\$ 1,181,137	\$ 1,181,137

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>OCCUPATIONAL TAX FUND</b>				
	<b>Budgeted Amounts</b>		<b>Actual Amounts, (Budgetary Basis)</b>	<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Taxes	\$ 1,200,000	\$ 1,200,000	\$ 1,420,491	\$ 220,491
Interest	5,000	9,076	11,425	2,349
Total Revenues	1,205,000	1,209,076	1,431,916	222,840
<b>EXPENDITURES</b>				
General Government	2,900	2,900	2,400	500
Protection to Persons and Property	1,005,500	1,022,000	815,888	206,112
General Health and Sanitation	78,800	80,200	58,627	21,573
Social Services	4,000	4,000	4,000	-
Administration	317,200	680,459	184,829	495,630
Total Expenditures	1,408,400	1,789,559	1,065,744	723,815
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(203,400)	(580,483)	366,172	946,655
Net Changes in Fund Balances	(203,400)	(580,483)	366,172	946,655
Fund Balances - Beginning	203,400	580,483	580,484	1
Fund Balances - Ending	\$ 0	\$ 0	\$ 946,656	\$ 946,656

**CLAY COUNTY**  
**BUDGETARY COMPARISON SCHEDULES**  
**Required Supplementary Information - Modified Cash Basis**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>SPECIAL RESERVE FUND</b>				
	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts, (Non-Budgeted)	Final Budget Positive (Negative)
<b>REVENUES</b>				
Interest	\$ 80,300	\$ 80,300	\$ 27,488	\$ (52,812)
Total Revenues	80,300	80,300	27,488	(52,812)
<b>EXPENDITURES</b>				
Administration	851,096	871,964	2	871,962
Total Expenditures	851,096	871,964	2	871,962
Excess (Deficiency) of Revenues Over Expenditures Before Other Financing Sources (Uses)	(770,796)	(791,664)	27,486	819,150
Net Changes in Fund Balances	(770,796)	(791,664)	27,486	819,150
Fund Balances - Beginning	770,796	791,664	791,664	
Fund Balances - Ending	\$ 0	\$ 0	\$ 819,150	\$ 819,150

**CLAY COUNTY**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

**June 30, 2009**

**Budgetary Information**

Annual budgets are adopted on a cash basis of accounting and according to the laws of Kentucky as required by the State Local Finance Officer.

The County Judge/Executive is required to submit estimated receipts and proposed expenditures to the fiscal court by May 1 of each year. The budget is prepared by fund, function, and activity and is required to be adopted by the fiscal court by July 1.

The fiscal court may change the original budget by transferring appropriations at the activity level; however, the fiscal court may not increase the total budget without approval by the State Local Finance Officer. Expenditures may not exceed budgeted appropriations at the activity level.

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**CLAY COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

**CLAY COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**June 30, 2009**

	<b>AMB/EMS Fund</b>	<b>Forest Fire Fund</b>	<b>Economic Development Fund</b>	<b>Special Construction Fund</b>	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 105,188	\$ 1,158	\$ 58,253	\$	.
Total Assets	<u>105,188</u>	<u>1,158</u>	<u>58,253</u>	<u>0</u>	:
<b>FUND BALANCES</b>					
Reserved for:					
Encumbrances	1,400				
Unreserved:					
Special Revenue Funds		1,158			
Capital Project Funds	<u>103,788</u>		<u>58,253</u>		.
Total Fund Balances	<u>\$ 105,188</u>	<u>\$ 1,158</u>	<u>\$ 58,253</u>	<u>\$ 0</u>	:

The accompanying notes are an integral part of the financial statements.

**CLAY COUNTY**  
**COMBINING BALANCE SHEET -**  
**NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**June 30, 2009**  
**(Continued)**

<b>Special Water Line Fund</b>	<b>Special Miscellaneous Fund</b>	<b>Total Non-Major Governmental Funds</b>
<u>\$ 1</u>	<u>\$ 1,580</u>	<u>\$ 166,180</u>
<u>1</u>	<u>1,580</u>	<u>166,180</u>
		1,400
<u>1</u>	<u>1,580</u>	<u>2,738</u>
		<u>162,042</u>
<u>\$ 1</u>	<u>\$ 1,580</u>	<u>\$ 166,180</u>

The accompanying notes are an integral part of the financial statements.

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**CLAY COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**

**CLAY COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**

**For The Year Ended June 30, 2009**

	<b>AMB/EMS Fund</b>	<b>Forest Fire Fund</b>	<b>Economic Development Fund</b>	<b>Special Construction Fund</b>
<b>REVENUES</b>				
Taxes	\$	\$ 4,926	\$	\$
Intergovernmental	486,000		153,370	11,174
Miscellaneous	1,445			
Interest				601
Total Revenues	<u>487,445</u>	<u>4,926</u>	<u>153,370</u>	<u>11,775</u>
<b>EXPENDITURES</b>				
General Government				166,191
Protection to Persons and Property	382,258	5,416		
General Health and Sanitation				
Recreation and Culture			111,810	
Administration				50
Total Expenditures	<u>382,258</u>	<u>5,416</u>	<u>111,810</u>	<u>166,241</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>105,187</u>	<u>(490)</u>	<u>41,560</u>	<u>(154,466)</u>
Net Change in Fund Balances	105,187	(490)	41,560	(154,466)
Fund Balances - Beginning	1	1,648	16,693	154,466
Fund Balances - Ending	<u>\$ 105,188</u>	<u>\$ 1,158</u>	<u>\$ 58,253</u>	<u>\$ 0</u>

The accompanying notes are an integral part of the financial statements.

**CLAY COUNTY**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - NON-MAJOR GOVERNMENTAL FUNDS - MODIFIED CASH BASIS**  
**Other Supplementary Information**  
**For The Year Ended June 30, 2009**  
**(Continued)**

<b>Special Water Line Fund</b>	<b>Special Miscellaneous Fund</b>	<b>Total Non-Major Governmental Funds</b>
\$	\$	\$
132,835		4,926
		783,379
		1,445
	10	611
132,835	10	790,361
		166,191
		387,674
132,835		132,835
		111,810
	2	52
132,835	2	798,562
	8	(8,201)
	8	(8,201)
1	1,572	174,381
\$ 1	\$ 1,580	\$ 166,180

The accompanying notes are an integral part of the financial statements.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**





**CRIT LUALLEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Carl Sizemore, Clay County Judge/Executive  
Members of the Clay County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of Financial Statements  
Performed In Accordance With Government Auditing Standards**

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clay County, Kentucky, as of and for the year ended June 30, 2009, which collectively comprise the County's basic financial statements, as listed in the table of contents and have issued our report thereon dated March 31, 2010 wherein we issued an adverse opinion on the business-type activities and Jail Canteen Fund because the county omitted the financial statements. Clay County presents its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Clay County Fiscal Court's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clay County Fiscal Court's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clay County Fiscal Court's internal control over financial reporting.

Our consideration of internal control financial reporting was for the limited purpose described in the preceding paragraph of this section and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control over financial reporting. We consider the deficiencies described in the accompanying comments and recommendations as items 2009-01, 2009-02, and 2009-03 to be significant deficiencies in internal control over financial reporting.



Report On Internal Control Over Financial Reporting  
And On Compliance And Other Matters Based On An Audit Of Financial  
Statements Performed In Accordance With Government Auditing Standards  
(Continued)

Internal Control Over Financial Reporting (Continued)

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we consider the significant deficiencies described above to be material weaknesses.

Compliance And Other Matters

As part of obtaining reasonable assurance about whether Clay County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying comments and recommendations as items 2009-04 and 2009-05.

Management's responses to the findings identified in our audit are included in the accompanying comments and recommendations. We did not audit management's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management and the Department for Local Government and is not intended to be and should not be used by anyone other than the specified parties.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Crit Luallen', written in a cursive style.

Crit Luallen  
Auditor of Public Accounts

March 31, 2010

**CLAY COUNTY**  
**COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2009**



**CLAY COUNTY  
COMMENTS AND RECOMMENDATIONS**

**For The Year Ended June 30, 2009**

**INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES**

**2009-01    The Jail Lacked Sufficient Controls Over Canteen Operations**

The jail canteen has a lack of segregation of duties as noted below:

- The former canteen bookkeeper maintained the ledgers, deposited the collections, collected funds from customers, prepared checks, and had access to inventory recording in the canteen computer system.
- The former canteen bookkeeper did not reconcile the jail canteen computer system (JAMS) to daily deposits.
- Monthly bank reconciliations to the jail computer system were not performed.
- Bank deposits were not made on a daily basis. Auditors noted instances of deposits made 18 (eighteen) days after receipt of money.
- An annual canteen financial statement was not prepared nor presented to the County Treasurer.

Other control deficiencies noted:

- \$2,094 of expenditures were not supported by invoices.
- Canteen store clerk did not sign off on invoices to verify amounts delivered prior to payment and reconciled to JAMS (canteen bookkeeping system).

Good internal controls dictate the same employee should not handle and record receipts and disbursements. We recommend the Jailer either segregate these duties or implement steps to strengthen internal controls, such as:

- The Jailer should compare daily bank deposit to the daily canteen computer system report printout. Any differences should be reconciled. The Jailer should document this by initialing the bank deposit and the daily computer report.
- The Jailer should periodically compare payments made to inmates and vendors to the checks that were actually written. The Jailer should document this by initialing invoices and inmate computer printouts that support the inmate reimbursement check.
- The Jailer should periodically compare the bank reconciliation to the checkbook balance. Any differences should be reconciled. The Jailer should document this by initialing the bank reconciliation and the balance in the checkbook.
- The Jailer should ensure the canteen bookkeeper does not have access to the physical canteen inventory and ensure that the bookkeeper does not have access to the inventory county in the computer system.
- The Jailer should ensure the canteen store worker count all inventory received and sign off on the packing slip. These receiving records should be forwarded to the bookkeeper and the bookkeeper should match these to the invoice received for the vendor.

*County Judge/Executive's Response: No Response.*

*County Jailer's Response: All control deficiencies have been corrected.*

**CLAY COUNTY  
COMMENTS AND RECOMMENDATIONS  
FISCAL YEAR ENDED JUNE 30, 2009  
(Continued)**

**INTERNAL CONTROL - SIGNIFICANT DEFICIENCIES AND MATERIAL WEAKNESSES**  
(Continued)

2009-02 Inmate Cash Totaling \$7,928 Could Not Be Traced To A Jail Canteen Bank Deposit

During testing we noted that \$7,928 of cash could not be traced to a bank deposit. During inmate processing, any cash the inmate had on hand was put into a sealed envelope and was then signed by the inmate and the processing guard as a check and balance. The envelope was then sent up front to bookkeeping, opened and entered into the canteen bookkeeping system (JAMS) and the cash was included on the daily deposit. Our testing revealed that the cash that was signed off by the inmate and guard, properly entered into the JAMS system, but could not be traced to a cash deposit in the bank.

We recommend the Jailer ensure that all bank deposits be reconciled daily to a daily check out sheet, which should agree to the daily bank deposit and to the daily JAMS receipt report.

This matter will be referred to the Kentucky State Police.

*County Judge/Executive's Response: No Response.*

*County Jailer's Response: This matter has been referred to the Kentucky State Police.*

2009-03 Jail Canteen Bank Deposits Are \$43,780 Less Than Inmate Deposits Recorded In Canteen Reporting System (JAMS)

Auditors could not reconcile the Canteen Reporting System (JAMS) receipt of inmate monies to bank deposits. Yearly bank deposits are \$43,780 less than those reported in JAMS. We recommend the Jailer ensure all monies received are deposited into the bank account. This activity should be reconciled on a daily basis.

This matter will be referred to the Kentucky State Police.

*County Judge/Executive's Response: No Response.*

*County Jailer's Response: This matter has been referred to the Kentucky State Police.*

**CLAY COUNTY**  
**COMMENTS AND RECOMMENDATIONS**  
**FISCAL YEAR ENDED JUNE 30, 2009**  
**(Continued)**

STATE LAWS AND REGULATIONS

2009-04 Accounting For The Collection Of The Jail Canteen's Kentucky Sales Tax Was Lacking

During testing of sales tax, we noted the canteen paid \$520 of interest and penalties for late filings. We also noted the Canteen owed \$805 in sales tax due to miscalculation of sales tax returns. We recommend the Jailer ensure sales taxes are properly accounted for and the canteen pay \$805 in sales taxes owed.

*County Judge/Executive's Response: No Response.*

*County Jailer's Response: All sales tax issues have been corrected.*

2009-05 Jail Fund Should Reimburse The Jail Canteen Fund For A Vehicle Purchased In Fiscal Year 2008

---

During the prior fiscal year ended June 30, 2008, the Fiscal Court included a budgeted line item of \$25,000 in the Jail Fund for the purchase of a vehicle. On August 6, 2007 a purchase order was issued for \$24,833 to purchase a 2008 Ford Expedition which was below the approved budget of the Jail Fund. The Jailer took delivery of the vehicle on September 11, 2007. During the Fiscal Court meeting on September 13, 2007, the Fiscal Court stated "the purchase order had gone out without authority on the jail budget" and the Fiscal Court voted to delay approval and payment on the vehicle until further discussion. On October 16, 2007 the Jailer paid \$24,833 for the vehicle out of the Jail Canteen Fund. During the course of our fieldwork, we noted the Fiscal Court had not readdressed this issue.

The Jailer operates under the guidance of the budget adopted by the Fiscal Court as well as the issuance of all purchase orders. Since the Fiscal Court approved the budget of the Jail Fund and included a line item for the vehicle purchase, we recommend the Jail Fund reimburse \$24,833 to the Jail Canteen Fund since this vehicle is used for all Jail related activities. The Department for Local Government has been advised of this matter.

*County Judge/Executive's Response: No Response.*

*County Jailer's Response: I agree with this finding.*

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**CERTIFICATION OF COMPLIANCE -  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM**

**CLAY COUNTY FISCAL COURT**

**For The Fiscal Year Ended  
June 30, 2009**



CERTIFICATION OF COMPLIANCE  
LOCAL GOVERNMENT ECONOMIC ASSISTANCE PROGRAM  
CLAY COUNTY FISCAL COURT

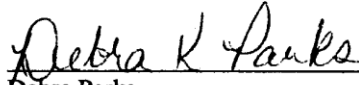
For The Year Ended June 30, 2009

The Clay County Fiscal Court hereby certifies that assistance received from the Local Government Economic Assistance Program was expended for the purpose intended as dictated by the applicable Kentucky Revised Statutes.



  
\_\_\_\_\_  
Carl Sizemore

Clay County Judge/Executive

  
\_\_\_\_\_  
Debra Parks

Clay County Treasurer

